

(d) the reasons for imposing restriction on its export;  
and

(e) the steps taken to provide relief to the domestic granite processing units?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) The countries to which granite in various forms is exported are Italy, People's Republic of China, Japan, Belgium, Taiwan, USA, Thailand, Indonesia, Singapore, U.K., UAE and Netherlands.

(b) No, Sir.

(c) to (e) Does not arise.

[Translation]

#### Loan to Priority Areas by Nationalised Banks

\*160. JUSTICE GUMAN MAL LODHA :

PROF. PREM SINGH CHANDUMAJRA :

Will the Minister of FINANCE be pleased to state :

(a) whether Nationalised banks have been directed to provide 40 per cent of their total loan to priority areas;

(b) if so, the details thereof, the reasons therefor and when these directions were given to banks;

(c) whether according priority to development of industry and agriculture has become necessary in the present changing scenario and the need of capital investment in these sectors is being felt more;

(d) if so, the reaction of the Government in this regard;

(e) whether the Government propose to issue directions to the banks to increase the percentage of loan to priority areas;

(f) if not, the reasons therefor; and

(g) the effect thereof on the profitability of Regional Rural Banks?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) At present, nationalised banks are required to lend 40% of their net bank credit to the priority sector. Reserve Bank of India (RBI) have reported that in pursuance of the report of the 'Working Group on the modalities of implementation of the priority sector lending the 20-Point Programme', the banks were advised in October 1980 to achieve a target of 40% of net bank credit by March, 1985. The main objective of directed lending and to priority sector is to assist the weaker sections and the small borrowers under important segments of the economy. Against the target of 40 per cent, the lending of public sector banks as on the last

Friday of March 1995, March 1996 and March 1997 is as given below :

As on the last Friday of	Percentage of priority sector lending to net bank credit
March 1995	36.56
March 1996	37.75
March 1997	41.72

(c) and (d) Under the priority sector, banks have been advised to achieve a sub-target of 18 per cent to agriculture in view of the importance of agriculture to our economy. Lending to SSI Sector is also part of Priority Sector lending.

(e) and (f) The target for priority sector lending of public sector banks is considered adequate. There is no proposal at present to increase the target beyond 40% of net bank credit.

(g) Regional Rural Banks (RRBs) were originally allowed to lend only to the Target Group comprising small and marginal farmers, land less labourers, rural artisans and other weaker sections of society. Subsequently, they were allowed to lend upto 60% of their incremental lending during the year to Non-Target group borrowers. After a review in 1997, RRBs have been advised that from the financial year beginning 1st April, 1997, the advances of RRBs to priority sector borrowers should constitute 40% of their outstanding advances as in the case of commercial banks. From 26th August, 1996, interest rates of RRBs have been deregulated. These measures, including reallocation of loss making branches, more liberal Branch Licensing Policy, better avenues of business (fund and non-fund) and investment of surplus funds and reduction in transaction costs is expected to improve the profitability of RRBs.

[English]

#### Deposits in NBs

1546. SHRI RAM NAIK : Will the Minister of FINANCE be pleased to state :

(a) the total amount of deposit received by the Nationalised banks (NBs) during the year 1996-97, month wise;

(b) the total amount of loans advanced by nationalised banks every month during the year 1996-97;

(c) whether the Government are aware that the nationalised banks are flush with funds and are unable to find profitable avenues to the increasing deposits; and

(d) if so, the steps proposed to be taken by the Government to ensure full utilisation of the increasing deposits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (d) The information is being collected and will be laid on the Table of the House to the extent available.